THE BOMBAY SECURITIES CONTRACTS CONTROL ACT, 1925.

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†BOMBAY ACT No. VIII of 1925.[1]

[THE BOMBAY SECURITIES CONTRACTS CONTROL ACT, 1925.]

[*29th December 1925.*]

Amended by Bom. 9 of 1927.

Adapted and modified by the Adaptation of Indian Laws Order in Council.

An Act to regulate and control certain contracts for the purchase and sale of securities in the City of Bombay and elsewhere in the Bombay Presidency.

WHEREAS it is expedient to regulate and control certain contracts for the purchase and sale of securities in the City of Bombay and elsewhere in the Bombay Presidency in manner hereinafter appearing; And whereas the previous sanction of the Governor General required by section 80A (*3*) of the Government of India Act has been obtained for the passing of this Act; It is hereby enacted as follows :—

5 & 6 Geo. V, c. 61.

1. This Act may be called the Bombay Securities Contracts Control Act, 1925. Short title.

2. (*1*) This Act shall apply to the whole of the Presidency of Bombay. Extent and operation.

(*2*) It shall come into [2]operation in the city of Bombay on such date as the [3][Provincial Government] may, by notification in the [4][*Official Gazette*], appoint: the [3][Provincial Government] may further, by notification in the [4][*Official Gazette*], direct that the Act shall come into operation in any place in the Bombay Presidency other than the city of Bombay on such date as may be specified in such notification.

3. In this Act unless there is something repugnant in the subject or context, Definitions.

(*1*) "securities" include stocks, shares, bonds, debentures, debenture stock and any other instruments of a like nature.

(*2*) "stock-exchange" means any association, organisation or body of individuals, whether incorporated or not, established for the purpose of assisting, regulating and controlling business in buying, selling and dealing in stocks, shares, bonds, debentures, debenture stock and any other like securities.

(*3*) "recognised stock-exchange" means a stock-exchange which is, for the time being, recognised by the [3][Provincial Government] as provided in section 4.

(*4*) "ready delivery contract" means a contract for the purchase or sale of securities for performance of which no time is specified and which is to be performed immediately or within a reasonable time.

Explanation.—The question what is a reasonable time is in each particular case a question of fact.

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† On the date on which an association is recognised under section 3 of the Bombay Forward Contracts Control Act, 1947, in any area in respect of securities, this Act shall cease to have force in such area (*vide* Bom. 64 of 1947, s. 14(*1*)).

[1] For Statement of Objects and Reasons, *see Bombay Government Gazette*, 1925, Part V, p. 447; for Report of Select Committee, *see* p. 1037 of Appendix to Vol. XVI of the Bombay Legislative Council Debates, 1925; and for Proceedings in Council, *see ibid.*, Vol. XVI.

[2] This Act came into operation in the City of Bombay on the 1st January 1926 (*vide* Government Notification in the Finance Department No. 2902-A, dated the 30th December 1925, published in the *Bombay Government Gazette*, 1925, Part I, p. 3361).

[3] The words "Provincial Government" were substituted for the words "Governor in Council" by the Adaptation of Indian Laws Order in Council.

[4] The words "*Official Gazette*" were substituted for the words "*Bombay Government Gazette*", *ibid.*

Recognition.

4. (*1*) A stock-exchange desirous of being recognized for the purpose of this Act shall make an application in writing to the [1][Provincial Government] for such recognition, and shall submit rules for the regulation and control of transactions in securities other than ready delivery contracts and furnish such information in regard to such recognition as the [1][Provincial Government] may require.

(*2*) The [1][Provincial Government] may give or refuse such recognition provided that the rules submitted by the stock-exchange under sub-section (*1*) shall be published in the [2][*Official Gazette*] one month before such recognition is given.

(*3*) The [1][Provincial Government] may at any time withdraw the recognition given to a stock-exchange under sub-section (*2*), and such stock-exchange shall thereupon cease to be a recognized stock-exchange.

Rules.

5. (*1*) A stock-exchange subject to the sanction of the [1][Provincial Government] may make and may from time to time add to, vary or rescind rules for the regulation and control of transactions in securities (other than ready delivery contracts).

(*2*) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for :—

(*a*) the government of the stock-exchange by a governing body and the constitution of such governing body ;

(*b*) the powers and duties of the governing body and the manner in which its business shall be transacted ;

(*c*) the fixing of a scale of charges ;

(*d*) the making, settling and closing of bargains ;

(*e*) the exercise of emergency powers in the case of corners ;

(*f*) the regulation of dealings by members for their own account ; and

(*g*) the settlement of disputes arising between members and the punishment of defaulting members.

(*3*) Rules made by a stock-exchange under sub-section (*1*) shall be published in the [2][*Official Gazette*] one month before they are sanctioned by the [1][Provincial Government] and shall again be published after sanction.

Contracts not made subject to rules to be void.

6. Every contract for the purchase or sale of securities, other than a ready delivery contract, entered into after a date to be notified in this behalf by the [1][Provincial Government] shall be void, unless the same is made subject to and in accordance with the rules duly sanctioned under section [3][5] and every such contract shall be void unless the same is made between members or through a member of a recognised stock-exchange ; and no claim shall be allowed in any Civil Court for the recovery of any commission, brokerage, fee or reward in respect of any such contract.

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[1] The words "Provincial Government" were substituted for the words "Governor in Council" by the Adaptation of Indian Laws Order in Council.

[2] The words "*Official Gazette*" were substituted for the words "*Bombay Government Gazette*", *ibid.*

[3] This figure was substituted for the figure "4" by Bom. 9 of 1927, s. 2, First Schedule.